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December 2, 2003

APPLICATION

Honorable James H. Welsh
Commissioner of Conservation
Post Office Box 94275
Baton Rouge, LA 70804-9275

RE: 3200' Sand, Reservoir A
Bayou Sauveur Field
Terrebonne Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of **DENBURY RESOURCES, INC.** for the calling of a public hearing, after thirty (30) days legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters in the **3200' Sand, Reservoir A**, Bayou Sauveur Field, Terrebonne Parish, Louisiana, to-wit:

1. To establish rules and regulations and to create two drilling and production units, each for the exploration for and production of gas and condensate from the 3200' Sand, Reservoir A, in the Bayou Sauveur Field, Terrebonne Parish, Louisiana, such units to be designated 3200' RA SUA and 3200' RA SUB;
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate a unit well for each of the proposed units;
4. To designate Denbury Resources, Inc. as the unit operator for each of the proposed units;
5. To provide that any future wells drilled to the 3200' Sand, Reservoir A,

should be located in accordance with the spacing provisions of Statewide Order 29-E;

6. To provide that the Commissioner of Conservation should be authorized to reclassify the 3200' Sand, Reservoir A, by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and
7. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The 3200' Sand in the Bayou Sauveur Field, Terrebonne Parish, Louisiana, is hereby defined as that gas and condensate bearing sand encountered between the depths of 3,157 feet and 3,195 feet, electric log measurements, in the Coastal States Gas Producing - Harry Bourg No. 1 Well, located in Section 2, Township 20 South, Range 16 East, Terrebonne Parish, Louisiana.

A conference to discuss the proposed application and any opposition thereto was held at 10:30 a.m. on Wednesday, November 19, 2003, at The Onebane Law Firm, 102 Versailles Boulevard, Suite 600, Lafayette, Louisiana 70501, (337) 237-2660. A list of the parties who attended the pre-application conference is attached. Randall C. Songy, attorney for the applicant, opened the conference with a brief discussion of the Rules of Procedure. Holmes Smart, geological consultant for the applicant, explained the applicant's proposal and the geological, engineering and other bases therefor, and answered questions. Mr. Courtney Oliver, consulting geologist for Harry Bourg Corporation, presented a counterplan in which the northern boundary of the proposed 3200' RA SUB is moved to the south, to be coincident with the northern boundary of the proposed 3200' RA SUA. The parties discussed the counterplan, but no agreement as to the SUB configuration was reached at the conference.

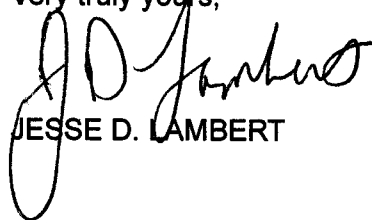
Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY, by contacting **Holmes Smart, 200 Audubon Boulevard, Lafayette, Louisiana 70503, (337) 232-4031.**

There is attached hereto and made a part hereof a plat outlining the proposed units and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties.

Finally, enclosed herein is our check in the amount of \$755 made payable to the Office of Conservation in payment of the required hearing application fee.

Honorable James H. Welsh
Commissioner of Conservation
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December 2, 2003

Very truly yours,

A handwritten signature in black ink, appearing to read "Jesse D. Lambert", written over the printed name.

JESSE D. LAMBERT

JDL/bad

Enclosures

cc: Mr. Richard Hudson, District Manager
Office of Conservation

All Interested Owners, Interested Parties
and Represented Parties

TERREBONNE PARISH, LOUISIANA

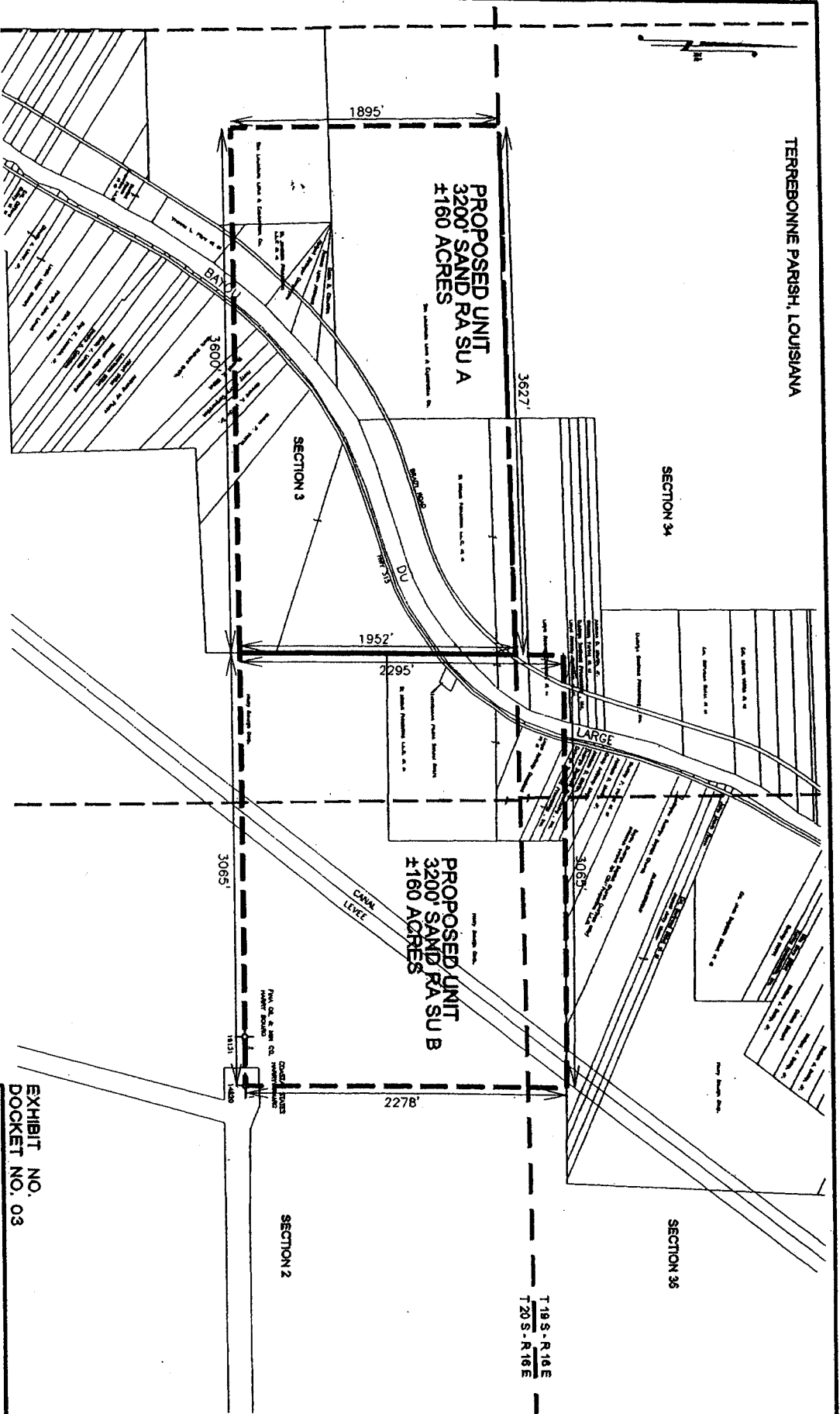


EXHIBIT NO.
DOCKET NO. 03

DENBURY RESOURCES, INC.
DALLAS, TEXAS

BAYOU SAUVOUR FIELD
Terrebonne Parish, Louisiana
Proposed Units
3200' SAND RA SU A
3200' SAND RA SU B

1000' 2000'

DATE:

FRANK W. HARRISON, JR.
CONSULTING GEOLOGISTS - LAFAYETTE, LOUISIANA